

Abstract : This paper examines whether reductions in the cost of future schooling affect students' current human capital investment, and how such effects depend on local opportunity structures. While prior research shows that education policies influence later enrollment and attainment, less is known about their impact on earlier academic performance. I study the expansion of private high school tuition support in Japan, leveraging geographic variation in both subsidy intensity and the relative academic standing of public and private schools. Combining nationwide student-level test data with novel measures of local school market structure, I capture whether high-quality private options are accessible within commuting distance. I find no robust average effect on achievement. However, substantial heterogeneity emerges: test scores increase in areas where subsidies expand access to academically strong private schools, but not where comparable public options already dominate. Mechanism evidence indicates increases in supplementary education and study effort, particularly among lower-income students. These results suggest that education subsidies affect current effort only when they meaningfully improve attainable future opportunities, underscoring the role of local market structure in shaping policy impacts.